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WAGE AND SALARY STABILIZATION

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WAGE AND SALARY STABILIZATION
IN A NATIONAL SECURITY EMERGENCY

State and Local Guidance

Prepared for

Federal Emergency Management Agency
Washington, D.C. 20472

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**WAGE AND SALARY STABILIZATION
IN A NATIONAL SECURITY EMERGENCY**

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WAGE AND SALARY STABILIZATION IN A NATIONAL SECURITY EMERGENCY

I. INTRODUCTION

A. Purpose

This guidance document, Wage and Salary Stabilization in a National Security Emergency, provides the necessary information to State and local government leaders on their roles in their jurisdictions related to wage and salary stabilization (WSS)* during a national security emergency. The guidance covers the areas of policy, authority, and concept of operations for the emergency conditions of evacuation during an intense crisis prior to attack and post-attack recovery following a nuclear attack. The document provides the basis for improving the readiness of State and local jurisdictions for undertaking economic stabilization programs.

B. Objectives of the Stabilization Program

Under the conditions of severe economic dislocation attendant to a national emergency that results in an attack on our nation, the primary objective of economic stabilization would be to maintain and protect the surviving economy as part of the overall effort directed toward national survival and recovery. Stabilization strategies would be applied to: financial and monetary systems; wages, salaries, and benefits; prices; rents; and rationing of essential goods. These measures are designed to maintain public confidence in our market and financial systems and their institutions so that general inflation can be controlled, scarce resources conserved, and the recovery effort supported so that the most efficient use is made of human material and capital resources to bring about national recovery as rapidly as possible. The stabilization program is also meant to encourage the equitable sharing of the available supply of goods and services for consumption purposes.

C. Responsibilities

At the Federal level, the Secretary of Labor has been delegated the responsibilities to develop plans and procedures for wage and salary stabilization (WSS).

* Includes benefits

The Secretary of Labor also has the responsibility for providing the national and field organization necessary for administrating such a program in an emergency, including investigation, compliance, and appeals procedures. The Employment Standards Administration, Wage and Hour Division, and the Office of Workers' Compensation Programs will have responsibility for carrying out the program in a declared national emergency.

The Department of Labor would coordinate its wage and salary stabilization with Governors and local chief executives administering price and rent controls and other economic stabilization measures. State and local governments, acting under State authority and coordination, would provide necessary supporting resources for the WSS program and would coordinate the timing and application of other economic stabilization measures (price and rent controls and rationing). If the Federal Government is temporarily unable to administer the WSS program, the various State and local governments will assume overall administrative control. This responsibility might require the initiation of a WSS control program using Federal, State, and local resources, or the administration of a Federal WSS program that was in place prior to the national emergency.

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II. PLANNING ASSUMPTIONS

A. Operational Conditions

Economic stabilization programs operative during peacetime and non-war emergencies must be modified and extended for implementation in any of the operational conditions that might arise as a result of a national security emergency. While price stabilization and, more importantly, consumer rationing would be required on a local basis following nuclear attack on the United States, such stabilization measures might have to be instituted by the Federal Government prior to an attack. The present guidance focuses on the stabilization programs for intense strategic crisis or post-nuclear attack in the event that no Federal emergency economic stabilization program has been implemented.

Figure 1 depicts the range of conditions for which preparations should be made. The figure shows an "intensity of emergency" profile developing over time for a possible scenario. Increases in intensity could occur if an international event is clearly recognized as an overt and immediate threat. The intensity could continue to increase through various stages of U.S. defense mobilization, possibly leading to a national security emergency and possibly a nuclear attack on the United States. On the other hand, the confrontation might be resolved at any level of intensity short of attack. To meet these conditions, economic stabilization measures and other emergency actions must be responsive to the increased levels of readiness and the nation's capability to respond as the situation changes, while minimizing the disruption to normal economic activities.

B. Islands of Survival

Following a nuclear attack, the nation could consist of "islands of survival" interspersed among areas of widespread damage. These islands could include part or all of a State or portions of several States located in relatively low population areas. However, it is also possible that such "islands of survival" could include significant portions of urban areas. In the absence of a Federal stabilization program in an "island of survival", States and localities should be prepared to implement and administer a stabilization program in accordance with State plans for price and rent stabilization as well as consumer rationing.

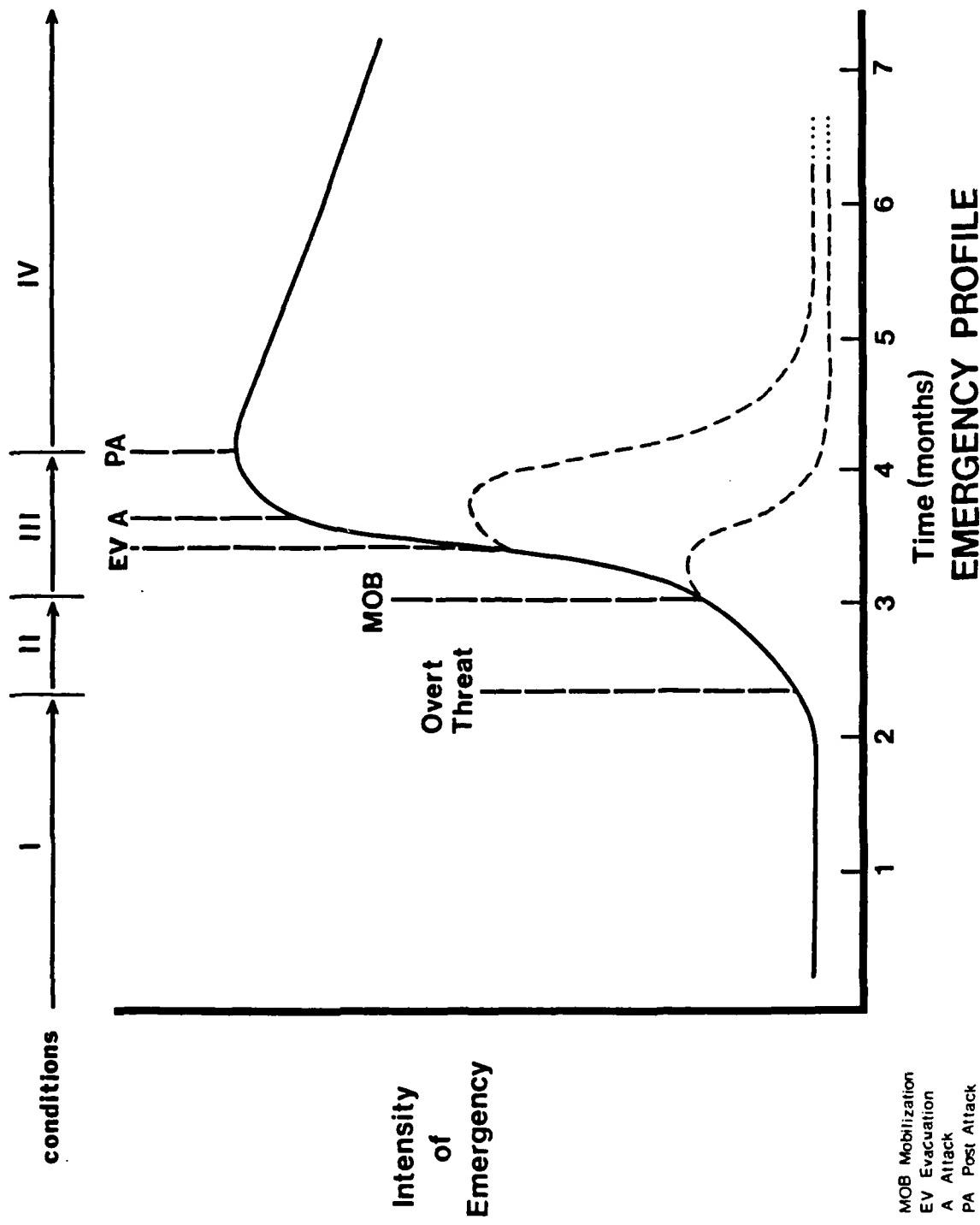


Figure 1

C. Economic Stabilization Measures for Various Conditions

Because of the possibility of a buildup of tension over time, types of economic stabilization actions to be taken can be considered in terms of a number of conditions. They are:

- CONDITION I: Peacetime
- CONDITION II: National emergency (Threat of war)
- CONDITION IIIA: Mobilization with limited controls
- CONDITION IIIB: Mobilization with full controls
- CONDITION IV: Post-attack recovery

Key objectives and economic stabilization measures for conditions of increasing intensity are shown in Table 1.

Condition I, Peacetime, usually uses only indirect controls, such as fiscal and monetary policies, to maintain a healthy economy. It may be considered the base case.

Key objectives of Condition II are limited to moderating private business expectations of shortages and inflation and supporting U.S. international (economic defense) measures that could improve the stability of the domestic economy.

With increasing tension accompanying Condition III, Mobilization, the principal objective would be to subdue inflation while increasing the defense share of the GNP. At the early stages of mobilization, this might be accomplished by indirect measures, such as emergency taxes and restrictive monetary and credit policies accompanied by a system of priorities and allocations for key resources. Continued movement toward full mobilization might bring with it the need for selective credit controls and direct controls, including a Federal freeze order on prices, wages, and rents. The occurrence of ordered evacuation or an attack would also require rationing of essential consumer goods and services. Some of these measures could be imposed earlier, however, depending on the state of the economy and Federal-level decisions.

Objectives under Condition IV, following a nuclear attack on the United States, would be designed to reconstitute as soon as possible a viable economic system to support the surviving populations. As previously noted, the post-attack period would

ECONOMIC STABILIZATION OBJECTIVES AND MEASURES

Table 1

<u>Conditions</u>	<u>Key Objectives</u>	<u>Possible Economic Stabilization Measures</u>
I Peacetime	<ul style="list-style-type: none"> o Normal economic climate 	<ul style="list-style-type: none"> o Normal fiscal and monetary policies
II National Emergency (Threat of war)	<ul style="list-style-type: none"> o Reduce private and business expectations of shortages and inflation o Support U.S. international economic measures that could affect the domestic economy 	<ul style="list-style-type: none"> o Fiscal policies, such as emergency taxes o Other indirect controls, such as changes in Federal Reserve Board policies
III A Mobilization with limited controls	<ul style="list-style-type: none"> o Limit inflation while increasing defense share of GNP 	<ul style="list-style-type: none"> o Fiscal policies, such as emergency taxes o Stronger indirect controls, such as credit tightening o Priorities and allocation system for key resources o Advanced notice of direct controls and rollback provisions
III B Mobilization with full controls	<ul style="list-style-type: none"> o Limit inflation while increasing defense share of GNP 	<ul style="list-style-type: none"> o Freeze on prices, wages, and rents o Continued indirect controls, including credit controls o Continued priorities and allocation system for key resources
Evacuation	<ul style="list-style-type: none"> o Maintain basic economic system o Promote equity 	<ul style="list-style-type: none"> o Rationing o Selective moratoria on debts, contracts, etc.
IV Post-attack recovery	<ul style="list-style-type: none"> o Reconstitute viable economy o Restore a balanced recovery base o Promote equity 	<ul style="list-style-type: none"> o Freeze on prices, wages, and rents o Rationing o Adjustment of direct controls o Continued indirect controls o Loss indemnification o Clarification of ownership o Selective moratoria on debts, contracts, etc.

require States and localities to implement and administer price stabilization and consumer rationing in the event that no such Federal programs were imposed prior to the attack. In the event that Federal programs had been made effective prior to the attack, States and localities should pattern provisions of their regulations after those of the Federal programs. Such action will facilitate the re-establishment of Federal programs for national recovery, indemnification, clarification of Federal programs for loss sharing and ownership, and other measures necessary to promote economic recovery.

D. Labor-related Problems During Evacuation and Post-attack Periods

While the general classes of labor problems that could occur during these periods are not unknown to Federal, State, and local agencies with responsibilities in the labor area, the scale, suddenness, and severity of such problems would likely be much greater than those previously experienced. During the early post-attack period, most efforts will be directed at reconstituting a viable economy. Some of the problems occurring during this reconstitution period could be deferred, while others would require timely and sweeping actions. Often amelioration of the problems would require a combination of economic stabilization measures and resource management controls on available resources.

Among the types of problems that could be experienced are:

- o Inflationary and deflationary pressures on wages and salaries due to influx of persons to undamaged or low-hazard areas. The influx of displaced people into low-hazard or undamaged areas prior to, or after, an attack could create deflationary pressures on wages and salaries due to the manpower surplus. On the other hand, in a national emergency many temporary jobs would be created because of the need for protective measures, damage controls, medical care, and support services, which could restrain deflation.
- o Utilization of the labor force. Massive geographic industrial and occupational reassessments of the labor force, displaced from damaged areas, might be required to maximize utilization of production and service facilities surviving nuclear attack and to provide employment to the displaced workers. Some utilization of displaced workers during evacuation might also be needed.

- o Labor productivity during a national emergency. A number of incentives and disincentives could affect the productivity of labor during a national emergency. Following evacuation or attack, limits would probably be placed upon disposable income and access to other assets. These measures might include mandatory savings, limitations on bank deposits, withdrawals and transfers, and other measures. Because of shortages and rationing, there could be severe limitation on the availability for purchase of consumer goods and services. Uncertainties could arise as to the long-term viability of the economy and the prospects of the individual wage or salary earner and business for indemnification of losses. Questions could arise as to the long-term resolution of disputes arising from labor agreements for damaged or closed plants, and other events, e.g., integration of skilled labor from different facilities could cause problems as to equity in wages, salaries, and benefits. Economic stabilization agencies should be prepared to handle such problems in a timely and effective manner.

III. GENERAL POLICIES AND AUTHORITIES

A. General Policies

The basic national policy would be to restrain inflationary pressures during mobilization or following an attack on the United States to support the efficient use of economic resources. Current economic stabilization planning applicable to a developing economic national security emergency provides as a Presidential option the possible imposition of an initial freeze with rollback on wages, salaries, benefits, prices, and rents to support essential economic activities and set the stage for a return to orderly markets. Such a freeze might be accompanied by consideration of a Federal program for the rationing of essential goods and services should the mobilization crisis require. Following nuclear attack, these stabilization programs would form a basis for State and local stabilization programs along with other Federal guidance.

During the period of crisis and early post-attack recovery, adjustments to WSS will be held to absolute minimum even though temporary inequities may result. Adjustments may be made where there is a necessity to emergency services or products.

After the initial freeze period, a system of tailored prices, wages, etc. would be established. The Office of Wage and Salary Stabilization, in the Employment Standards Administration, and other authorized Federal Government agencies would rule on applications for adjustments. Where the freeze is applied under conditions short of nuclear attack, modification of the freeze would be expected within 90 days of its initiation.

One consequence of a government wage and salary stabilization program is to narrow the bounds within which collective bargaining can operate, though it need not eliminate bargaining. As with peacetime bargaining, disputes may arise over wages, work rules, or other matters. Rather than allow any such dispute to lead to a work stoppage and hence possibly to a threat against the national security, the Federal Government would be prepared to use compulsory arbitration moratoria and other adjudication of disputes.

B. General Instruments of Control**1. The General Freeze Order**

The General Freeze Order, together with associated emergency wage and salary and benefit (WSS) regulations, will provide the basis for compliance by industry and labor. It is anticipated that most groups will voluntarily comply with the freeze order and regulations. The freeze order (see Appendix 1) provides:

- o A declaration freezing wages, salaries, and benefits as well as prices and rents.
- o The date that the order takes effect (base date).
- o The base period to be used in determining maximum allowable WSS levels.
- o Requirements for records of transactions.
- o Exclusions of WSS categories, if any.

2. Wage and Salary Regulations

Wage, salary, and benefit regulations (Appendix 1) provide some flexibility for practical business purposes. Considerations included are:

- o Establishment of national and regional Federal Government organizations.
- o Delegation of authority.
- o Procedures for administration.
- o Policies and procedures for enforcement.
- o Authorization to employers to make "housekeeping" adjustments in rates.
- o Procedures for setting rates for new or converted facilities.
- o Procedures and standards for converting health manpower from private practice to employees of emergency treatment centers.
- o Procedures for requesting other adjustments.

Procedures for seeking adjustments from the WSS control agency include petitions to the local officer or representative. A petition is an application or other request for approval of a proposed adjustment in WSS or any other administrative action. Petitions may be filed by the employer, employee, union, or by the employer and union jointly.

A ruling is an interpretation by an authorized agent of the WSS control agency of the legal meaning of applicability of the freeze order to WSS or any associated regulation that has been issued.

In a period of intense crisis or early post-attack, the formal procedures may be abbreviated in the interest of achieving prompt action on issues that could endanger essential production or the work force. Where needed, an authorized agent in the field may issue an interim ruling as to the proper application of the freeze order and associated regulations in a case where immediate disruption of essential production is impending or has already occurred.

3. Instruments of Compliance and Enforcement

The principal instrument of compliance will be the widespread media communication of the freeze order and associated regulations to inform the public. Advisory services will also be provided by the agency staff at designated WSS offices (inclusive of Wage Hour Area Offices and Field Stations) and at other important field locations as needed. Advisory services will assist the concerned groups to interpret the freeze order and regulations in terms of the specific existing conditions.

Investigations will be undertaken by authorized agents where widespread conditions on non-compliance or misapplication of regulations is believed to exist. Where needed, these investigations may include a more continuous form of monitoring of compliance at critical facilities, hiring centers, and other places where major changes in work conditions are likely to exist.

Commission hearings will be provided at all levels to review and make determinations related to alleged violations.

Commission rulings will have the force of law and compliance and will be mandatory. Legal proceedings will be brought against those failing to comply with rulings, with appropriate penalties being assessed.

In an intense crisis or early post-attack, more direct methods of enforcement may be needed. Federal, State, and local authorities should act upon commission rulings and

invoke appropriate measures, such as changing priorities and allocations to non-complying companies, plant seizure, penalties to company leadership, etc. Full legal adjudication may be deferred until later in the post-reconstitution period.

C. Authorities

1. Peacetime (Condition I)

The two basic authorities for economic stabilization activities in peacetime are the National Security Act of 1947 and Executive Order 11490. The first provides for advice to the President concerning programs "for the maintenance and stabilization of the civilian economy in time of war, and for the adjustment of such economy to war needs and conditions".

Executive Order 11490, as amended, requires FEMA and the Federal agencies to cooperate "in the development of emergency preparedness measures involving emergency financial and credit measures, as well as price, rent, wage, and salary stabilization, and consumer rationing programs".

Executive Order 11490, Part 12, delegates the primary responsibility for planning a wage, salary, and benefit cost stabilization program to the Secretary of Labor. This responsibility has in turn been delegated to the Employment Standards Administration in the Department of Labor.

States and local jurisdictions should be prepared under their emergency powers to assume responsibility for wage, salary, and benefit stabilization in the event that the Federal Government is temporarily unable to act.

2. Emergency Conditions Short of Imminent Attack (Condition II, IIA, or IIIB)

Federal authority for implementing an economic stabilization program is not in place for conditions short of imminent attack. In the event that such a program was considered to be required during mobilization (Condition IIIB), the President would request legislative authority from Congress. If the situation was sufficiently serious

for the President to declare a National Emergency, current planning calls for the President to immediately forward to Congress the draft legislation called the Defense Resources Act. This act provides the authority for a range of resource management and economic stabilization activities and includes provisions for the establishment of emergency Federal agencies, such as the Economic Stabilization Agency that would administer the economic stabilization program.

3. Extreme Crisis (Attack or Imminence of Attack) (Condition IIIB or IV)

In the event of an extreme crisis (attack or imminence of attack) prior to receipt of legislative authority for an economic stabilization program, the President would invoke his constitutional powers as Commander-in-Chief to establish the needed emergency programs. If the Federal Government were unable to act or to communicate with sections of the nation, State Governors under their emergency authority would be expected to declare a State-wide emergency and to establish and administer economic stabilization programs in their jurisdictions (including wages, salaries, and benefits). This provision would include administration of economic stabilization programs previously established by the Federal Government.

IV. THE EMERGENCY ORGANIZATION AND ITS RESPONSIBILITIES

A. Federal

Provision has been made for the Employment Standards Administration within the Department of Labor to administer and enforce the freeze order with respect to wages, salaries, and benefits, and any labor disputes that might arise with respect to these considerations. The emergency organization would be staffed largely by the Employment Standards Administration, with all of the Wage Hour Division involved, as well as officials and personnel from the Bureau of Labor Management Relations and cooperative programs. Personnel from other agencies within the Department of Labor would also be used as required. Injury compensation for authorized civil defense workers would be handled by the ESA, Office of Workers Compensation Program, Federal Employees Compensation Program (FECA).

At the national level, a 12-member National Wage Stabilization Board (NWSB) would be appointed by the Secretary of Labor. (Advisory sources would include the AFL-CIO and the Chamber of Commerce.) The Board would be composed of equal numbers of persons representing the public, business and industry, and labor. The Board would formulate and implement general policies and regulations relating to the stabilization of wages and salaries and other forms of compensation of all employees other than those classified as executive, administrative, or professional. The Board would also perform such labor-management relations functions as may be appropriate.

A four-member National Salary Stabilization Board would also be appointed, composed of the four public members of the National Wage Stabilization Board. The duties of this Board would be to formulate, promulgate, and implement policies and procedures pertaining to the stabilization of wages and salaries of executive, administrative, and professional employees.

Within each region (except the Caribbean) nine-member Regional Wage Stabilization Boards would be appointed by the Secretary of Labor. These Boards would also be composed of equal numbers of persons representing the public, business and industry, and labor (advisory sources would include the AFL-CIO, regional/state affiliates and regional chambers of commerce). Under the general guidance of the

NWSB these Boards would consider and approve, disapprove, or modify petitions for adjustments in wages, salaries, and other compensation of employees within their jurisdiction. They would also perform such labor dispute functions as might be assigned.

In the Caribbean, there would be, for Puerto Rico, a six-member tripartite Wage Stabilization Board and for the Virgin Islands, a three-member tripartite Wage Stabilization Board with a single Salary Stabilization Director for each area.

Within local areas, operating authority would be vested in the field organization of the Wage and Hour Division and the Federal Employees Compensation Program. The Area Directors, Compliance Officers, and other authorized agents of these field organizations would be the point of contact for local management-labor groups for issues relating to wages, salaries, and benefits. These agents would issue rulings on whether WSS adjustments are permitted by the WSS regulations and receive petitions for WSS rates in new or converted plants and approve, disapprove, or modify proposed rates. Authorized agents may also have to make interim adjustments to WSS rates in the absence of formal petitions or prior changes in established rates.

Existing offices and field stations of the Wage and Hour Division and district offices of the Federal Employee Compensation Program will be used as contact and operating points. Peacetime regional headquarters will be used as headquarters for the emergency organization. A list of such offices is provided in Appendix 2. Since many of these offices are in the high-risk areas, movement may occur of many of these offices to low-risk areas during evacuation or following nuclear attack. Locations of alternate offices will be made public as soon as possible in event of emergency.

B. State and Local

State and local government employees, to the extent necessary, will be requested to assist the Department of Labor in the administration of the wage and salary controls program. The freeze order also requests Governors and, through them, community authorities to initiate and administer WSS controls should this be necessary.

In a national emergency, States will require, as a minimum, a coordinator for contact with the appropriate regional Wage and Salary Stabilization Offices and Boards.

State and local government representatives should also maintain regular contact or participation with area offices and field stations of the Department of Labor.

In the event that the national level of the Federal Government was unable to act in the early post-attack period, the functions of State and local governments would be to continue support to the Federal field agencies and regional boards administering the wage and salary controls.

V. CONCEPT OF OPERATIONS

A number of functions would be performed during crisis and post-attack periods to activate and maintain the WSS program.

Operation functions would include:

1. Immediate announcements to the public. A WSS press release has been prepared for all field locations of the Wage and Hour Division with instructions for its dissemination to the public immediately upon notification of the promulgation of the freeze order. The press release provides the main points of the freeze order and contains the locations of local DOL offices handling WSS problems.

Local offices will issue the press release upon notification from the Secretary of Labor. If the national level is unable to act, the press release shall be issued on the basis of notification of the Governor.

2. Follow-up announcements to the public. As soon as possible, announcements would be made of the names of key officials, the locations of additional offices established, additional details on compliance, rulings and petitions, and any other matters that should be brought to the attention of the public.

3. Initial implementing actions. Immediately following promulgation of the general freeze order the Secretary of Labor would put into effect the four basic Wage and Salary Stabilization Regulations. The National and Regional Wage Stabilization Boards and the National and Regional Salary Stabilization Boards would be activated, and the regional organization of the Wage and Hour Division would administer the wage and salary controls program. In the event that the Secretary of Labor cannot act immediately following attack, these actions should be taken by the regional organization for the Secretary of Labor. The general freeze order should be issued and other required actions should be taken concurrently by the Governors of the States involved.

4. Program administration actions at the regional and local levels. National and field staff members of the emergency organization would be available to advise and assist all interested persons in complying with the regulatory provisions. Field staff

would accept and process petitions and would be delegated the authority to make investigations deemed necessary to administer the freeze order. National Regional Offices and Wage and Salary Stabilization Boards would hear and determine whether the interested parties are in compliance with the freeze order and the associated regulations and determine what adjustments that should be made. When needed, authorized agents should make interim rulings in the field subject to review by the Regional Boards. Local, State, or Federal enforcement bodies in the local area should be applied where needed to maintain production and emergency services.

VI. IMPROVING READINESS PRIOR TO CRISIS

A. Planning

Although this document provides general guidance for operations in the event that State and local authorities must direct and enforce the WSS Program, the level of detail is not sufficient to serve as a substitute for planning. The guidance needs to be adapted to the individual States and coordinated with planning by the Department of Labor. It is also the Department of Labor's responsibility to provide guidance to States and through them, to local governments on their interim administration of WSS direct controls and related responsibilities.

B. Organizational Development

State plans call for the implementation of State Economic Stabilization Organizations in response to a state of national emergency and a state of "extreme emergency" in the individual States. Such State Organizations in addition to providing for State-run programs (prices, rents, rationing) should provide for a coordinator of planning and assistance to Federal organizations administering the WSS program.

C. Recruitment and Training

The Governor should select and designate qualified government and private sector leaders to provide the necessary direction to the State's Economic Stabilization Agency in an emergency. This would include, in addition to the State-run programs, persons qualified for supporting the Federal, regional, and local agencies in administering the WSS program.

The State should develop a roster indicating the positions that these individuals or government positions will occupy in the emergency organization. Complete information (e.g., names, telephone numbers, addresses) should be documented and kept up-to-date for use in times of emergency.

State agencies that would supply the bulk of the personnel for the economic stabilization organization should be identified, and the type and number of suitable personnel should be determined. Key leaders and other identified personnel should be kept informed of plans and other information developed related to the WSS program. Selected persons should be included in training and indoctrination courses and meetings produced by Federal, State, and local agencies.

D. Resource Planning

The Wage and Hour Division of the DOL will use space and equipment of its own personnel at designated DOL offices.

State and local planners should be prepared to provide similar facilities and support for authorized agents in the field especially at evacuation and relocation sites and other locations where displaced labor might be assembled for reassignment. In particular, communications links between authorized agents in the field and the WSS Area Directors offices will be essential. Coordination with the Federal field agencies would also be needed in considering relocation sites.

Data bases on labor classifications and industry and facility requirements, should be maintained and updated using inputs from Federal, State, and local sources. Federal, State, and local authorities should also have access to all private and public plans for redistribution of labor and production in a national emergency and crisis. These will be for both the manpower control and WSS decisions.

E. Review of Authority

State and local jurisdictions should review the adequacy of their current emergency authority to declare an emergency in an extreme crisis where a national state of emergency cannot be promulgated. Consideration should also be given to authority for State and local governments to support a Federal WSS program if the program is initiated prior to crisis or war.

Appendix 1

FEDERAL GENERAL FREEZE ORDER (Economic Stabilization)

Whereas, the President has proclaimed the existence of an unlimited national emergency and of a civil defense emergency, and has found that it is necessary to provide for resource conservation and control and for the stabilization of the civilian economy;

Now, Therefore, by virtue of the authority vested in me by the President, it is hereby ordered as follows:

Section 1. General Freeze.

All prices, wages and salaries, and rents are hereby frozen at the levels specified in section 2 of this order.

Section 2. Prohibitions.

(a) No person may charge, receive, or pay more for commodities and services than the highest prices which were in effect during the one-month base period (prior to the base date).

(b) No employer shall pay and no employee shall receive a wage, salary, or other form of compensation at a rate higher or lower than that paid or received as of (the base date).

(c) No person shall demand or receive, nor shall any person pay more than the following rent ceilings:

(1) The rent in effect on the base date for any housing accommodation, commercial, or industrial unit which was rented on the base date;

(2) The last rent in effect during the base period for any house, apartment, flat, commercial, or industrial unit which was not rented on the base date but was rented at any time during the base period;

(3) The ceiling rent established by regulation, directive, or order issued pursuant to this Order for houses, apartments, flats, commercial, and industrial units, for rooms of all types, and for any rented structure, unit, or space.

(d) No owner of any interest in real property shall demand or receive, and no purchaser shall pay more than the sales price ceilings, which shall be:

(1) The sale price specified in a sales contract signed by both parties on or before the base date; or

(2) Where there is no such sales contract, the fair market value of the property in the rent-control area as of the base date, as established by an authorized appraiser, subject to the approval of the local rent administrator.

Section 3. Consumer Rationing.

For a period of five days from the effective date of this Order, all retail sales, except perishable foods or any health item dispensed under prescribed procedures, shall be prohibited. Thereafter, rationing of selected essential consumer items will be imposed as rapidly as possible.

Section 4. Definitions.

(a) "Base Date": Base date means the date of the first nuclear attack on the United States.

(b) "Base Period": Base period means the one-month period prior to the base date as to ceiling prices, and the three months prior to and ending on the base date as to rents.

(c) "Persons": Persons shall include an individual, corporation, partnership, firm, or any other entity.

(d) "Price": Price shall include rentals, commissions, margins, rates, fees, charges, or other forms of prices paid or received for the sale or use of commodities or services or for the sale of real property, but shall not include prices on finished military items produced for the armed forces.

(e) "Commodity": Commodity means all commodities, articles, products, and materials, including those provided by public utilities services, such as electricity, gas, and water.

(f) "Services": Services means all services rendered, other than as an employee, in connection with the processing, distribution, storage, installation, repair, or negotiation of purchases or sales of a commodity, or in connection with the operation of any service establishment for the servicing of a commodity, or privileges including professional services. (The term "service" shall not be construed to authorize the regulation of compensation paid by an employer to any of his employees.)

(g) Wage, salary, or other form of compensation includes all forms of remuneration to an employee by an employer for personal services including, but not limited to, premium overtime rate payments, night shift, year-end and other bonus payments, incentive payments, commissions, vacation and holiday payments, employer contributions to or payment of insurance or welfare benefits or pension funds or annuities, and other payments in kind. Regardless of any right or contract heretofore or hereafter existing, no change or adjustment shall be made in such rates of wages, salaries, or other forms of compensation except as may be permitted or required by regulations, orders, or directives issued under this Order.

(h) "Sale": Sale includes sales, dispositions, exchanges, and other transfers and contracts and offers to do any of the foregoing.

(i) "Authorized Appraiser": Authorized appraiser means qualified appraiser designated by the local rent administrator to make appraisals in connection with the establishment of sales price ceilings for real property.

(j) "Essential Consumer Items": Essential consumer items means items that are used to satisfy essential needs of individual consumers, such as food, clothing, petroleum products, and other items as indicated in section 5.(b).

(k) "Retail": Retail (sometimes referred to as secondary) means the level at which commodities, products, and materials are sold directly to the consumer.

(l) "Rent": Rent includes charges for any building, structure or part thereof, or land appurtenant thereto, or services, furnishings, furniture, equipment, facilities, and improvements connected with the use or occupancy of such property.

Section 5. Interim Administration.

Until such time as a Federal emergency stabilization agency is created and is capable of administering the provisions of this Order, interim operations include the following:

(a) The Secretary of Labor is delegated authority to administer those provisions of this Order dealing with wages, salaries, and other compensation (and the resolution of any labor disputes that may arise) and to issue such regulations, orders, or directives as he deems necessary to such administration. He is further authorized to redelegate this authority to such officers of his Department as he deems appropriate.

(b) It is expected that the Governor of each State, through such State officers or agencies, local authorities including civil defense and other emergency organizations as he may designate, will exercise such emergency authorities as are available to him under State law, to provide for the administration of those provisions of this Order dealing with ceilings on prices and rents, the prohibition of all retail sales, and the rationing of essential consumer items. In the course of such administration, the Governor through such designees is expected to make such essential exceptions to the prohibition-of-sales provisions of this Order as he finds necessary and shall designate those essential consumer items to be distributed through the consumer rationing system.

(c) It is further expected that the Governor of each State, pursuant to the laws of his State and supported by local authorities, will provide for the interim enforcement of ceilings established by this Order and of any regulations, orders, or directives issued pursuant to this section.

Section 6. Record Keeping.

(a) Commodities and Services: All records in existence on the date of this Order reflecting prices which were charged for the commodities or services during the base period, together with all other records of any kind or description, shall be preserved. All records hereafter required to be kept pursuant to regulations or directives issued hereunder shall be preserved.

(b) Rents: All persons subject to this Order shall preserve and maintain all records which are necessary to show the manner by which the ceiling rentals were determined and the record of payments made by persons in occupancy of real property or any part thereof.

(c) Wages and Salaries: All employers shall preserve and maintain all records which reflect the rates of wages, salaries, or other forms of compensation paid on the base date, together with all other records of any kind or description.

Section 7. Applicability.

The provisions of this Order shall be effective immediately and are applicable to the United States, its territories and possessions, the Commonwealth of Puerto Rico, and the District of Columbia.

Section 8. Termination.

This interim order shall expire when replaced by subsequent executive or administrative Economic Stabilization Agency orders.

Dated _____

Designated Federal Official

(Note: For planning purposes States are to assume that such an order will be issued by the Federal Government in a nuclear attack emergency.)

Appendix 2

**WAGE AND HOUR DIVISION
AND
FEDERAL EMPLOYEE COMPENSATION PROGRAM OFFICES**

These offices, and the regional areas in which they will operate, are listed below.

Jurisdictional Boundaries

Region I

Area: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont

Regional Headquarters: Boston, Massachusetts

Area Offices and Field Stations

Hartford, Connecticut

Boston, Massachusetts

Bridgeport, CT

Springfield, MA

Portland, Maine

Providence, Rhode Island

Bangor, ME

Brockton, MA

Manchester, NH

Burlington, VT

District Office - Federal Employees' Compensation

Boston, Massachusetts

Region II

Area: New Jersey, New York, Canal Zone

Regional Headquarters: New York, New York

Area Offices and Field Stations

Newark, New Jersey

Brooklyn, New York

Paterson, NJ

Trenton, New Jersey

Buffalo, New York

Atlantic City, NJ

Rochester, NY

Camden, NJ

Albany, New York

Hempstead, Long Island, New York

Binghamton, NY

New York, New York

Syracuse, NY

Utica, NY

Bronx, New York

Middletown, NY

Poughkeepsie, NY

White Plains, NY

District Office - Federal Employees' Compensation

New York, New York

Region III

Area: Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, West Virginia

Regional Headquarters: Philadelphia, Pennsylvania

Area Offices and Field Stations

Baltimore, Maryland

Pittsburgh, Pennsylvania

Dover, DE	Erie, PA
Wilmington, DE	Greensburg, PA
Hagerstown, MD	Indiana, PA
Hyattsville, MD	Johnstown, PA
Salisbury, MD	McKeesport, PA
Falls Church, VA	Uniontown, PA
Winchester, VA	

Wilkes-Barre, Pennsylvania

Allentown, PA
Altoona, PA
Lancaster, PA
Reading, PA
Scranton, PA
Harrisburg, PA
Williamsport, PA
York, PA

Philadelphia, Pennsylvania

Region III cont.

Richmond, Virginia

Charlestown, West Virginia

Lynchburg, VA

Bristol, TN

Norfolk, VA

Beckley, WV

Roanoke, VA

Bridgeport, WV

Waynesboro, VA

Huntington, WV

Parkersburg, WV

Wheeling, WV

District Offices - Federal Employees' Compensation

Philadelphia, Pennsylvania

Washington, District of Columbia

Region IV

Area: Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee

Regional Headquarters: Atlanta, Georgia

Area Offices and Field Stations

Birmingham, Alabama

Jacksonville, Florida

Anniston, AL

Cocoa Beach, FL

Cullman, AL

Daytona Beach, FL

Florence, AL

Gainesville, FL

Gadsden, AL

Melbourne, FL

Huntsville, AL

Orlando, FL

Opelika, AL

Tallahassee, FL

Tuscaloosa, AL

Region IV cont.

Montgomery, Alabama

Miami, Florida

Dothan, AL

Homestead, FL

Mobile, AL

Tampa, Florida

Fort Lauderdale, Florida

Fort Myers, FL

West Palm Beach, FL

Atlanta, Georgia

Raleigh, North Carolina

Gainesville, GA

Durham, NC

Rome, GA

Goldsboro, NC

Greensboro, NC

Greenville, NC

High Point, NC

New Bern, NC

Wilmington, NC

Wilson, NC

Savannah, Georgia

Columbia, South Carolina

Albany, GA

Charleston, SC

Augusta, GA

Florence, SC

Brunswick, GA

Greenville, SC

Columbus, GA

Spartanburg, SC

Macon, GA

Thomasville, GA

Waycross, GA

Region IV cont.

Louisville, Kentucky

Knoxville, Tennessee

Ashland, KY
Bowling Green, KY
Erlanger, KY
Lexington, KY
Owensboro, KY
Paducah, KY
Pikeville, KY

Asheville, NC
Chattanooga, TN
Cookeville, TN
Johnson City, TN

Jackson, Mississippi

Nashville, Tennessee

Biloxi, MS
Columbus, MS
Greenville, MS
Greenwood, MS
Hattiesburg, MS
Meridian, MS
Tupelo, MS

Columbia, TN
Jackson, TN
Memphis, TN
Union City, TN

Charlotte, North Carolina

Fayetteville, NC
Gastonia, NC
Hickory, NC
Salisbury, NC
Winston-Salem, NC

District Offices - Federal Employees' Compensation

Atlanta, Georgia
Jacksonville, Florida

Region V

Area: Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin

Regional Headquarters: Chicago, Illinois

Area Offices and Field Stations

Chicago, Illinois

Minneapolis, Minnesota

Elgin, IL

Brainerd, MN

Gurnee, IL

Duluth, MN

Mankato, MN

Springfield, Illinois

Cincinnati, Ohio

Carbondale, IL

Dayton, OH

Belleville, IL

Lima, OH

Champaign, IL

Middleton, OH

Peoria, IL

Rock Island, IL

Indianapolis, Indiana

Cleveland, Ohio

Anderson, IN

Akron, OH

Evansville, IN

Canton, OH

New Albany, IN

Youngstown, OH

Terre Haute, IN

South Bend, Indiana

Columbus, Ohio

Fort Wayne, IN

Athens, OH

Gary, IN

Cambridge, OH

Lafayette, IN

Mansfield, OH

Marion, IN

Sandusky, OH

Toledo, OH

Region V cont.

Grand Rapids, Michigan

Madison, Wisconsin

Escanaba, MI

Rockford, IL

Kalamazoo, MI

Eau Claire, WS

Lansing, MI

La Crosse, WS

Saginaw, MI

Wasau, WS

Detroit, MI

Flint, MI

Milwaukee, Wisconsin

Pontiac, MI

Green Bay, WS

Port Huron, MI

Oshkosh, WS

Troy, MI

Racine, WS

District Offices - Federal Employees' Compensation

Chicago, Illinois

Cleveland Ohio

Region VI

Area: Arkansas, Louisiana, New Mexico, Oklahoma, Texas

Regional Headquarters: Dallas, Texas

Area Offices and Field Stations

Little Rock, Arkansas

Houston, Texas

Eldorado, AR

Bryan, TX

Fayetteville, AR

Lufkin, TX

Region VI cont.

Fort Smith, AR

Waco, TX

Jonesboro, AR

Beaumont, TX

Pine Bluff, AR

Galveston, TX

Monroe, LA

Shreveport, LA

New Orleans, Louisiana

San Antonio, Texas

Alexandria, LA

Austin, TX

Baton Rouge, LA

San Angelo, TX

Lafayette, LA

Corpus Christi, Texas

Lake Charles, LA

Brownsville, TX

Harlingen, TX

Laredo, TX

McAllen, TX

Victoria, TX

Albuquerque, New Mexico

Dallas, Texas

Las Cruces, NM

Longview, TX

Roswell, NM

Abilene, TX

Santa Fe, NM

Sherman, TX

El Paso, TX

Texarkana, TX

Midland, TX

Tyler, TX

Tulsa, Oklahoma

Amarillo, TX

Forth Worth, TX

Lubbock, TX

Wichita Falls, TX

Ardmore, OK

Enid, OK

Lawton, OK

Muskogee, OK

Oklahoma City, OK

Region VI cont.

District Offices - Federal Employees' Compensation

Dallas, Texas

New Orleans, Los Angeles

Region VII

Area: Iowa, Kansas, Missouri, Nebraska

Regional Headquarters: Kansas City, Missouri

Area Offices and Field Stations

Des Moines, Iowa

St. Louis, Missouri

Burlington, IA

Cape Girardeau, MO

Cedar Rapids, IA

Jefferson City, MO

Sioux City, IA

Davenport, IA

Council Bluffs, IA

Kansas City, Missouri

Omaha, Nebraska

Pittsburg, KS

Wichita, KS

Topeka, KS

Lincoln, NE

Springfield, MO

District Office - Federal Employees' Compensation

Kansas City, Missouri

Region VIII

Area: Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming

Regional Headquarters: Denver, Colorado

Area Offices and Field Stations

Denver, Colorado

Salt Lake City, Utah

Colorado Springs, CO

Grand Junction, CO

Pueblo, CO

Billings, MT

Bismarck, ND

Great Falls, MT

Fort Collins, CO

Missoula, MT

Fargo, ND

Ogden, UT

Rapid City, SD

Provo, UT

Sioux Falls, SD

Casper, WY

District Office - Federal Employees' Compensation

Denver, Colorado

Region IX

Area: Arizona, California, Hawaii, Nevada

Regional Headquarters: San Francisco, California

Region IX cont.

Area Offices and Field Stations

Phoenix, Arizona

San Francisco, California

Tucson, AZ

Oakland, CA

Las Vegas, NV

San Jose, CA

Reno, NV

Los Angeles, California

Santa Ana, California

Oxnard, CA

San Bernardino, CA

Long Beach, CA

San Diego, CA

Los Angeles, CA

Laguna Niguel, CA

Honolulu, HI

Sacramento, California

Fresno, CA

Modesto, CA

Stockton, CA

Salinas, CA

District Offices - Federal Employees' Compensation

San Francisco, California

Honolulu, Hawaii

Region X

Area: Alaska, Idaho, Oregon, Washington

Regional Headquarters: Seattle, Washington

Region X cont.

Area Offices and Field Stations

Portland, Oregon

Seattle, Washington

Boise, ID

Anchorage, AK

Eugene, OR

Everett, WA

Medford, OR

Spokane, WA

Takoma, WA

Yakima, WA

District Office - Federal Employees' Compensation

Seattle, Washington

Carribean Region

Area: Puerto Rico, Virgin Islands

Regional Headquarters: Hato Rey, Puerto Rico

Area Offices and Field Stations

Hato Rey, Puerto Rico

Arecibo, PR

Mayaguez, PR

Ponce, PR